

Exhibit C

“Proof of Transfers To Certain BLMIS Customers With Profit Withdrawal”

EXHIBIT 1

TO DECLARATION OF LISA M. COLLURA

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

**EXPERT REPORT OF
LISA M. COLLURA, CPA, CFE, CFF**

**Proof of Transfers
To Certain BLMIS Customers
With "Profit Withdrawals"**

July 14, 2015

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I. PROFESSIONAL BACKGROUND

1. I am a Senior Managing Director in the Forensic and Litigation Consulting practice of FTI Consulting, Inc. ("FTI"), with more than 20 years of experience in accounting, auditing and litigation consulting services. I specialize in providing forensic accounting and financial fraud investigative services in connection with internal investigations on behalf of trustees, boards of directors and audit committees of companies.
2. I have extensive experience in conducting large-scale, fact-finding investigations into fraudulent financial transactions, including tracing significant flows of funds between accounts and entities. During my career at FTI, I have assisted in the investigation of several of the largest fraud cases in the United States.
3. I am a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), a member of the American Institute of Certified Public Accountants (AICPA) and am Certified in Financial Forensics (CFF) by the AICPA. My curriculum vitae, attached as **Exhibit 1** to this report, further describes my professional credentials, experience and qualifications, including my testimony in the last four years.

II. SCOPE OF ASSIGNMENT

4. Bernard L. Madoff Investment Securities LLC ("BLMIS") was an investment firm owned and operated by Bernard L. Madoff ("Madoff"). On December 11, 2008, Madoff was arrested for violating multiple securities laws in connection with running a Ponzi scheme. On December 15, 2008, Irving H. Picard was appointed as the Trustee for the liquidation of the business of BLMIS, and Baker & Hostetler LLP was retained as his counsel. Shortly thereafter, FTI was retained by Baker & Hostetler LLP, on behalf of the Trustee, to analyze, among other things, the financial affairs of BLMIS and to assist the Trustee with the liquidation of BLMIS. As part of our engagement, FTI was tasked with the exercise of reconstructing the books and records of BLMIS, including all records of the "cash in/cash out" transactions related to the BLMIS customer accounts as far back as the records allow.

5. Matthew B. Greenblatt, also a Senior Managing Director at FTI, and a team of professionals working under his supervision, were specifically tasked with creating chronological listings of all cash and principal transactions, including cash deposit and withdrawal transactions, for every BLMIS customer account, as set forth more fully in the Expert Report of Matthew B. Greenblatt regarding the Methodology for the Principal Balance Calculation (the "Principal Balance Calculation Report").

6. The sources of cash deposit and withdrawal transactions related to BLMIS customer accounts include customer statements and other relevant information available within BLMIS's records, including Portfolio Management Reports, Portfolio Management Transaction Reports, spiral-bound notebooks, and a data table from BLMIS's computer system referred to as the "Checkbook File," which is the only available BLMIS record of cash transactions for the time period from December 1, 2008 through December 11, 2008. *See* Principal Balance Calculation Report for further discussion regarding these sources. For purposes of my report, I use the term "customer statements" to refer to these sources collectively.

7. Mr. Greenblatt and his team were also tasked with identifying a subset of cash transactions including 1) transactions referred to as "Profit Withdrawals" for which the transaction is reflected on BLMIS customer statements as "PW" and 2) transactions reflected on BLMIS customer statements as a transaction other than "PW" ("CW" or "JRNL") where the transaction description includes a reference to a third party, interest and/or dividends.¹ This subset of cash transactions is collectively referred to as "PW Transactions" and is described more fully in the Expert Report of Matthew B. Greenblatt dated July 14, 2015 (the "Greenblatt Report"). Out of the total approximately 91,000 PW Transactions identified in the Greenblatt Report, there were approximately 5,500 that occurred during the ten-year period from December 1998 to December 2008 for which BLMIS bank records were available (as further

¹ This subset of transactions excludes ones that were subsequently cancelled but would have otherwise been considered a PW Transaction based on the criteria described above.

explained in **Section V** below). For purposes of this report, I refer to this population as the “Ten Year Period PW Transactions.”²

8. I, along with a team working under my supervision, was specifically tasked with performing forensic analyses to determine the following:

- Whether the cash deposit and withdrawal transactions as reflected on the customer statements for *all* BLMIS customers reconciled (as further explained in paragraph 9) to available BLMIS bank records;
- Whether *specifically*, the PW Transactions reflected on BLMIS customer statements reconciled to available documentation;
- Whether, based on my review of the available BLMIS bank records, the check payee or wire beneficiary information related to the Ten Year Period PW Transactions reconciled to the respective BLMIS account holder; and
- Whether, based on my review of available bank records, the Ten Year Period PW Transactions reflected on BLMIS customer statements could be traced (as further explained in paragraph 9) to bank accounts held by, or for the benefit of, the respective BLMIS account holder.

9. For purposes of this report, I use the term “reconciled” to indicate when I have matched, agreed and/or determined consistency between cash transactions, including the PW Transactions, or other information reflected on BLMIS customer statements to information or data per another source (*e.g.*, amounts on BLMIS bank records, correspondence between the customer and BLMIS regarding requests for cash withdrawals, or documents received by the Trustee from BLMIS account holders). For purposes of my report, I use the term “traced” to indicate when I have followed the flow of funds from one bank account (*e.g.*, BLMIS’s bank account) to another bank account (*e.g.*, the BLMIS account holder’s bank account).

² Thirty-eight PW Transactions reflected on the BLMIS customer statements with dates between October 21, 1998 and November 30, 1998 were reconciled to checks that cleared the BLMIS bank accounts on or after December 1, 1998 and are therefore included in the total count of the Ten Year Period PW Transactions.

10. This report has been prepared in connection with the above-captioned proceeding and is to be used only for the specific purposes of this proceeding. It is not to be used for any other purpose without the express written consent of FTI. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with this report.

11. FTI is being compensated at a rate of \$554 per hour for my professional time incurred in performing the work necessary to prepare this report. FTI's fees are not contingent on the conclusions reached in this report or the outcome of the above-captioned proceeding.

III. METHODOLOGY

12. To determine whether the cash deposit and withdrawal transactions reflected on the customer statements for *all* BLMIS customers reconciled to available BLMIS bank records, I, using my experience as a forensic accountant and investigator, along with my staff, first identified and gathered the relevant and available records related to the BLMIS bank accounts. We then performed the following procedures:

- Reviewed hundreds of thousands of pages of records related to BLMIS's bank accounts, including monthly bank statements, cancelled checks and deposit slips, obtained from BLMIS's files and/or produced by third-party financial institutions, which cover a ten-year period from December 1998 to December 2008;
- Analyzed close to 150,000 transactions reflected within these bank records; and
- Reconciled the cash deposit and withdrawal transactions reported in the available BLMIS bank records to the cash transactions reflected on the customer statements related to *all* BLMIS customer accounts.

13. Next, to determine *specifically* whether the PW Transactions reflected on BLMIS customer statements reconciled to available documentation, I used the results of the forensic analysis of the available BLMIS bank records as described above. In addition, I reviewed and analyzed documents and records maintained at BLMIS, including documents contained in customer files related to the BLMIS customer accounts that reflected one or more of the PW

Transactions, as well as documents received by the Trustee related to BLMIS customer accounts with PW Transactions. Based on my review and analysis of these materials, I identified the PW Transactions that reconciled to these documents.

14. Next, to determine whether the check payees or wire beneficiaries related to the Ten Year Period PW Transactions reconciled to the respective BLMIS account holders, I reviewed available BLMIS bank records, including copies of cancelled checks, monthly bank statements and records related to wire transfers. Using these available bank records, I determined the check payee or wire beneficiary for each Ten Year Period PW Transaction and reconciled it to the respective BLMIS account holder.

15. Finally, to determine whether the Ten Year Period PW Transactions could be traced to bank accounts held by, or for the benefit of, the respective BLMIS account holder, I again used the available information from the BLMIS bank records as described above. In addition, I reviewed records produced to the Trustee by BLMIS account holders and third-party financial institutions related to bank accounts held by BLMIS account holders. Using these available bank records, I identified the recipients of the transfers from BLMIS.

16. The documents and data that I considered in connection with this report are listed in **Exhibit 2**. I reserve the right to supplement my report based on any additional documents or information received.

IV. SUMMARY OF FINDINGS

17. Based on the forensic analyses performed, as described above and throughout this report, as well as my skills, knowledge, experience, education and training that I applied to the documents and information available to me as of the date of this report, my findings are summarized as follows:

- My team and I reconciled 99% of the approximately 225,000 cash deposit and withdrawal transactions reflected on *all* BLMIS customer statements during the time-period of December 1998 to December 2008 to the available BLMIS bank records for the same time-period. The remaining 1% that we were unable to reconcile consists

primarily of withdrawal transactions for which copies of the related cancelled checks were not available. Based on the results of our reconciliation of 99% of the cash transactions, I can reasonably infer that my team and I would have been able to reconcile these withdrawal transactions had copies of the related cancelled checks been available. Only 13 transactions of this remaining 1% (representing less than 0.006% of the approximately 225,000 cash transactions) were reflected on the customer statements, but could not be reconciled to available BLMIS bank records.

- For my reconciliation analysis, I analyzed all 91,138 PW Transactions. Based on my review of available documentation, I reconciled 51,758 (more than 50%) of the 91,138 PW Transactions to available BLMIS bank records, correspondence and other documentation included in BLMIS customer files, and/or documents received by the Trustee from BLMIS account holders or other parties related to BLMIS customer accounts containing PW Transactions. I was unable to complete my reconciliation for the remaining PW Transactions primarily due to the unavailability of records related to transactions that were dated before December 1998.
- For my analysis of the check payees and/or wire beneficiaries, I analyzed the Ten Year Period PW Transactions. Of the total 5,527 Ten Year Period PW Transactions, there was available documentation in BLMIS bank records to identify the payee and/or beneficiary (*i.e.*, a cancelled check or wire transfer detail) for 5,430 of the Ten Year Period Transactions. Based on my review of these available BLMIS bank records, I reconciled the check payee or wire beneficiary to the respective BLMIS account holder for 100% of these 5,430 Ten Year Period PW Transactions.
- For my tracing analysis, I again analyzed the Ten Year Period PW Transactions. Based on available bank records from both BLMIS records and records produced to the Trustee by BLMIS account holders and third-party financial institutions, I traced 99.997% of the total amount of the Ten Year Period PW Transactions to bank accounts held by, or for the benefit of, the respective BLMIS account holder. I was unable to trace the remaining .003% of the total amount of the Ten Year Period PW Transactions because the relevant

bank records were not available or the information on the back of the cancelled check was illegible or insufficient to determine the bank account holder. However, based on the results of my tracing, I can reasonably infer that, to the extent additional bank records related to the Ten Year Period PW Transactions were to become available to me, these records would further support the results of my tracing and that I would be able to trace additional Ten Year Period PW Transactions to bank accounts held by, or for the benefit of, the respective BLMIS account holder.

V. RECONCILIATION OF CASH TRANSACTIONS FOR ALL BLMIS CUSTOMERS

A. OVERVIEW

18. As set forth in the Principal Balance Calculation Report, a team from FTI working under Mr. Greenblatt's supervision created chronological listings of all cash and principal transactions, including cash deposit and withdrawal transactions, for every BLMIS customer account. I was tasked with reconciling the customer cash deposit and withdrawal transactions to available BLMIS bank records to assist in the determination of whether the cash transactions reported on the customer statements for all BLMIS customers were fairly and accurately represented.

B. BLMIS BANK ACCOUNTS

19. My team and I reviewed available bank account records for more than 90 bank and brokerage accounts in the name of either BLMIS or Bernard L. Madoff,³ and found that, primarily, the following three bank accounts were used by BLMIS for customer deposits and withdrawals during at least the ten-year period from December 1998 to December 2008:⁴

³ See **Exhibit 3** for a listing of known bank accounts held by BLMIS and/or Bernard L. Madoff.

⁴ Between January 2006 and April 2006, there were four customer withdrawal transactions totaling \$262,000,000 that were paid from account #xxx-xxx6-621 held at the Bank of New York (the "BONY 621 Account"). The BONY 621 Account was the primary operating account used by BLMIS's Proprietary Trading and Market Making business. In June 2006, there were two transfers totaling \$261,816,950 from the 703 Account to the BONY 621 Account, presumably to reimburse the BONY 621 Account for funding the withdrawals to BLMIS customers.

- JPMorgan Chase account #xxxxx1703 (the “703 Account”)⁵
- JPMorgan Chase account #xxxxxxxxxx1509 (the “509 Account”)
- Bankers Trust account #xx-xx0-599 (the “BT Account”)

20. Records for these three accounts consist of monthly bank statements, copies of deposited checks, deposit slips and cancelled checks. Records related to the 703 Account and the 509 Account were available from December 1998 to December 2008 and were obtained from BLMIS’s files as well as from JPMorgan Chase & Co. (“JPMC”).⁶ In addition to hard copy documents, JPMC produced an electronic file that provides details of wire transfers in and out of the 703 Account from January 1, 2002 to December 11, 2008 (the “JPMC Wire File”).⁷ Records related to the BT Account were available from December 1998 to May 1999 and were obtained from BLMIS’s files.⁸

21. In the aggregate, FTI had available bank records related to the BLMIS bank accounts used for customer deposits and withdrawals for a ten-year period from December 1998 to December 2008. To assist in our analysis of these bank records, which included copies of monthly bank statements and cancelled checks, we captured the transaction information from these records and converted the information into an electronic format through the use of a combination of Optical Character Recognition (OCR) software and manual entry. This

⁵ Personal Identifying Information has been redacted throughout this report and the accompanying exhibits in compliance with Fed. R. Bankr. P. 9037 and applicable federal and state law.

⁶ The October 1999 bank statement for the 509 Account could not be located. However, I was able to use other available documents, such as the 703 Account statements, to estimate the activity in the 509 Account during October 1999. In addition, there is activity reflected on the monthly bank statements for the 703 Account and 509 Account for which corresponding copies of deposited checks, deposit slips and/or cancelled checks were missing from the documents produced by JPMC and/or could not be located in BLMIS’s records. As reflected in my summary of findings and other results described throughout my report, these missing documents had a minimal impact on my overall analysis and reconciliation.

⁷ This file was missing data for transactions dated December 11, 2004 to December 31, 2004. However, we were able to use other available documents, such as the 703 Account statements, to obtain the necessary information to complete our analysis and reconciliation.

⁸ Statements for June through August 1999, October 1999, December 1999 and July 2000 for the BT Account were also found in BLMIS’s records. However, May 1999 appears to be the last month of significant activity in the BT Account. There was no activity in the account during the months of June through August 1999, and the statements for these months showed an ending balance of \$26,523. In October 1999, the only transaction in the account was to transfer the \$26,523 remaining balance to the 703 Account and zero out the BT Account. The December 1999 and July 2000 statements for the BT Account both showed a zero balance.

electronic data, which accurately reflects the underlying records, became the basis for our reconciliation of the cash transactions reported in the BLMIS bank records to the cash deposits and withdrawals reflected on BLMIS customer statements.

The 703 Account

22. Based on my review of the available BLMIS bank records, I determined that the 703 Account was the primary bank account used for BLMIS customer deposits and withdrawals. My team and I reviewed and analyzed every one of the transactions reported in the available monthly bank statements for the 703 Account from December 1998 to December 2008 to determine, among other things, whether the transactions were related to a BLMIS customer deposit or withdrawal.

23. The results of our analysis of the activity in the 703 Account from the available bank records for December 1998 to December 2008 are set forth in an Excel spreadsheet titled “JPMC 703 Account Activity – December 1998 to December 2008” which is attached as **Exhibit 4**.

24. In conducting our reconciliation of the cash transactions reported in the 703 Account bank records to the cash transactions reflected on the BLMIS customer statements, we first matched transactions based on the transaction date and amount, but also manually reviewed thousands of transactions to confirm our results. In addition, there were instances when we reconciled multiple transactions on the BLMIS customer statements to a single transaction on the BLMIS bank statements. For example, a deposit into the 703 Account that related to multiple BLMIS customers appeared as one transaction on the monthly bank statement for the 703 Account. In that case, we reconciled the 703 Account transaction to a combination of multiple BLMIS customer transactions.⁹

25. FTI assigned a unique identification number to each of the transactions reported on the available 703 Account bank statements. See “703 ID” in the first column of the detail tab of

⁹ As another example, BLMIS withheld certain amounts from foreign account holders and made payments to the Internal Revenue Service on behalf of these customers. In these cases, we reconciled one payment from the 703 Account to multiple related transactions per the BLMIS customer statements.

Excel spreadsheet “JPMC 703 Account Activity – December 1998 to December 2008” (attached as **Exhibit 4**). FTI also assigned a unique identification number to each one of the customer deposit and withdrawal transactions for every BLMIS customer account. See “CM ID” in a separate column of the detail tab of **Exhibit 4**. Once a specific transaction reported in a 703 Account statement was matched to a specific customer deposit or withdrawal transaction reflected on the BLMIS customer statements, we recorded the corresponding unique CM ID in the respective column of **Exhibit 4**. This matching formed a link between the cash transactions per the bank records and the cash transactions per the customer statements. This link ensured that no two customer cash transactions were incorrectly matched to the same cash transaction per the bank records or vice versa.

26. Based on my review of the activity in the 703 Account from December 1998 to December 2008, I determined that approximately 97% of the inflows into the account during this period related to customer deposits and approximately 98% of the outflows from this account during this period related to customer withdrawals.

The 509 Account

27. Based on my review of the available bank records related to the 509 Account, I determined that the 509 Account was a checking account funded by the 703 Account. From December 1998 to December 2008, the inflows into the 509 Account consisted solely of transfers from the 703 Account and the outflows from the 509 Account were solely in the form of checks.

28. My team and I performed an analysis of the activity in the 509 Account, similar to the analysis we performed with respect to the 703 Account, to determine whether the outflows from the 509 Account were related to BLMIS customer withdrawals. However, in this case, our analysis relied more heavily on our review of the cancelled checks because the statements themselves lacked the necessary detail. The results of our analysis of the activity in the 509 Account from the available bank records for December 1998 to December 2008 are set forth in an Excel spreadsheet titled “JPMC 509 Account Activity – December 1998 to December 2008” which is attached as **Exhibit 5**.

29. Based on my review of the activity in the 509 Account, I determined that approximately 99% of the checks written from the 509 Account from December 1998 to December 2008 were related to customer withdrawals.

The BT Account

30. Based on my review of the available bank records related to the BT Account, from at least December 1998 through May 1999, the BT Account was also funded by transfers from the 703 Account. Outflows from the BT Account were in the form of both checks and wire transfers.

31. My team and I performed a reconciliation analysis of the activity in the BT Account, similar to those described above, to determine whether the outflows from the BT Account were related to BLMIS customer withdrawals. The results of our analysis of the activity in the BT Account from the available bank records for December 1998 to May 1999 are set forth in an Excel spreadsheet titled "BT 599 Account Activity – December 1998 to May 1999" which is attached as **Exhibit 6**.

32. Based on my review of the activity in the BT Account during this period, I determined that over 97% of the outflows from the BT Account were related to customer withdrawals.

C. RESULTS OF RECONCILIATION

33. My team and I reconciled 99% of the approximately 225,000 cash deposit and withdrawal transactions reflected on *all* BLMIS customer statements during the time-period of December 1998 to December 2008 to the available BLMIS bank records for the same time-period. The majority of the remaining 1%, or approximately 2,200 transactions, consist primarily of withdrawal transactions for which copies of the related cancelled checks were not available. Based on the results of our reconciliation of 99% of the cash transactions, I can reasonably infer that my team and I would have been able to reconcile these withdrawal transactions had the related cancelled checks been available. Only 13 transactions of this remaining 1%

(representing less than 0.006% of the approximately 225,000 cash transactions) were reflected on the customer statements, but could not be reconciled to available BLMIS bank records.

VI. RECONILIATION OF PW TRANSACTIONS TO AVAILABLE DOCUMENTATION

A. OVERVIEW

34. The chronological listings of all cash and principal transactions for every BLMIS customer account compiled by FTI included the PW Transactions. From April 1981 to December 2008, the BLMIS customer statements reflected 91,138 PW Transactions.¹⁰ I was tasked with reconciling the 91,138 PW Transactions to available BLMIS bank records, BLMIS customer files and/or documents received by the Trustee related to BLMIS customer accounts containing PW Transactions. See **Exhibit 7** for a list of all PW Transactions; see also **Exhibit 10** – “Reconciliation and Tracing Results – Ten Year Period PW Transactions.”

B. BLMIS BANK ACCOUNTS

35. Of the total 91,138 PW Transactions, 5,527 occurred in the ten-year period for which there were available bank records for the three BLMIS bank accounts described above (previously defined as the Ten Year Period PW Transactions).¹¹ I have reconciled 5,507 (or approximately 99.6%) of the 5,527 Ten Year Period PW Transactions to available BLMIS bank records, including monthly bank statements and copies of cancelled checks. The Ten Year Period PW Transactions were reconciled to the BLMIS bank accounts as follows:

- 703 Account – 4,601 transactions (251 withdrawals via wire transfer and 4,350 withdrawals via check)
- 509 Account – 906 transactions (withdrawals via check)

¹⁰ Of the total number of PW Transactions, more than half, or approximately 47,000, relate to one BLMIS customer account 1L0027 under the name NORMAN F LEVY.

¹¹ As noted above, thirty-eight PW Transactions reflected on the BLMIS customer statements with dates between October 21, 1998 and November 30, 1998 were reconciled to checks that cleared the BLMIS bank accounts on or after December 1, 1998 and are therefore included in the total count of the Ten Year Period PW Transactions.

36. I was unable to complete my reconciliation for the remaining 20 Ten Year Period PW Transactions because copies of the cancelled checks related to these transactions could not be located. Based on the results of my reconciliation, I can reasonably infer that had copies of these cancelled checks been available, I could have reconciled these additional Ten Year Period PW Transactions.

C. BLMIS CUSTOMER FILES

37. Customer files related to customer accounts were maintained in BLMIS's records and were generally organized by BLMIS account number. These files contained documents including, but not limited to, correspondence between the customer and BLMIS employees regarding incoming deposits and/or requests for withdrawals, customer contact information, and customer, trust and other agreements.

38. As part of my analysis, I identified within BLMIS's records the customer files for the BLMIS customer accounts that contained one or more of the PW Transactions. I reviewed the documents contained in these customer files to identify correspondence or other documents that related to the PW Transactions. I identified letters and/or other correspondence, in these customer files that support 5,998 of the 91,138 PW Transactions. The letters or other correspondence identified include ones where the BLMIS account holder was requesting that purported profits on the trading activity reflected on their BLMIS customer statements be sent directly to them. For example, one of these documents, attached as **Exhibit 8.1**, is a letter dated October 26, 1995 from a BLMIS account holder stating:

- "As we discussed today, following is a letter of request to forward us all future profits from Containers of Mind Account #C-1079, and to no longer reinvest those profits back into the account. I understand from our conversation that I will be receiving a check in mid to late November."

39. The letters identified also include ones where the BLMIS account holder was acknowledging that purported profits had been sent to them in the past. For example, as shown on **Exhibit 8.2**, the BLMIS account holder writes in a letter to BLMIS dated February 16, 1993:

- “Please change my account #1-H0008-1 from a ‘send’ account to a reinvest account.”

D. DOCUMENTS RECEIVED BY THE TRUSTEE RELATED TO BLMIS CUSTOMER ACCOUNTS WITH PW TRANSACTIONS

40. As of the date of this report, the Trustee has received documents from BLMIS account holders and other parties¹² related to BLMIS customer accounts containing PW Transactions. These documents consist of, among other things, bank records, accounting records and correspondence related to the PW Transactions.

41. Based on my review of these documents, I was able to reconcile 46,127 PW Transactions reflected on BLMIS customer statements to these documents received by the Trustee.

E. RESULTS OF RECONCILIATION

42. In total, based on my analyses described above, I reconciled 51,758 (more than 50%) of the 91,138 PW Transactions to available BLMIS bank records, correspondence and other documentation included in BLMIS customer files, and/or documents received by the Trustee from BLMIS account holders or other parties related to BLMIS customer accounts containing PW Transactions. **Exhibit 7**, which is the chart that lists each of the PW Transactions, contains three columns that indicate the results of my reconciliation to each of these sources of information.

¹² Other parties include accounting firms and management companies associated with BLMIS account holders.

VII. PAYEES/BENEFICIARIES OF THE TEN YEAR PERIOD PW TRANSACTIONS

A. OVERVIEW

43. The available BLMIS bank records, as described above, were also used to determine whether the check payees or wire beneficiaries related to the Ten Year Period PW Transactions reconciled to the respective BLMIS account holders. To determine this, I reviewed available copies of cancelled checks written from the 703 Account and the 509 Account related to the Ten Year Period PW Transactions and identified the payees of the checks. In addition, I reviewed available BLMIS bank records for the 703 Account related to the Ten Year Period PW Transactions that were in the form of wire transfers, including monthly bank statements and information contained in the JPMC Wire File, and identified the beneficiaries of wire transfers from BLMIS.

44. Using these available BLMIS bank records, I determined the check payee or wire beneficiary for each of the Ten Year Period PW Transactions. I then reconciled the check payee or wire beneficiary to the respective BLMIS account holder.

B. RESULTS OF ANALYSIS

45. BLMIS bank records necessary to identify the check payees or wire beneficiaries of cash withdrawals from BLMIS, as described above, were available for 5,430 of the Ten Year Period PW Transactions, consisting of 5,179 cash withdrawals via check and 251 cash withdrawals via wire transfer. Based on my review of these available BLMIS bank records, I reconciled the check payee or wire beneficiary to the respective BLMIS account holder¹³ for 100% of these 5,430 Ten Year Period PW Transactions. See **Exhibit 10** for further details of my analysis.

¹³ The BLMIS account holder is based on the name of the BLMIS customer account according to BLMIS's records. The BLMIS account names often changed over time. For my analysis, I reviewed the account name as reflected on the monthly customer statement that contained the respective Ten Year Period PW Transaction.

VIII. TRACING THE TEN YEAR PERIOD PW TRANSACTIONS

A. OVERVIEW

46. The available BLMIS bank records, as described above, were also used to determine whether I could trace the funds that left BLMIS's bank accounts to bank accounts held by, or for the benefit of, the respective BLMIS account holder. To determine this, I performed a "Receiving Bank" analysis, which traces transfers from BLMIS's bank accounts to bank accounts that received funds from BLMIS.

47. The Ten Year Period PW Transactions were in the form of wire transfers from the 703 Account and checks written from both the 703 Account and the 509 Account.

48. My tracing of withdrawals via wire transfers is based on the transaction description contained on the monthly bank statements for the 703 Account. Often, the description on the bank statements included the identification of both the banking institution that received the cash transfer and the beneficiary of the transfer. In some cases, the description also included the corresponding bank account number. The JPMC Wire File produced to the Trustee by JPMC detailing the activity in the 703 Account contained the same, and in some cases additional, detail related to the transactions via wire transfers. Therefore, I also relied on the JPMC Wire File to identify information regarding the flow of funds related to wire transfers out of the 703 Account.

49. Tracing withdrawals via check requires a legible copy of a cancelled check. The necessary information to trace the amount to a receiving bank account, including endorser, banking institution and bank account number, is typically included on the back of a cancelled check. Oftentimes, however, not all of this information was available on the copy of the cancelled check written from the 703 Account and 509 Account and/or the available information was often illegible. In any event, when possible, I identified and captured all available and legible information from the cancelled checks written from the 703 Account and 509 Account related to Ten Year Period PW Transactions.

50. In addition, to trace the Ten Year Period PW Transactions from BLMIS, I also reviewed bank records produced to the Trustee by BLMIS account holders and third-party financial institutions related to bank accounts held by BLMIS account holders.

B. RESULTS OF TRACING

51. **Exhibit 9** summarizes the results of both my Receiving Bank analysis and my review of bank records produced to the Trustee by BLMIS account holders and third-party financial institutions.¹⁴ This exhibit supports that 99.997% of the total dollar amount of the Ten Year Period PW Transactions went to bank accounts held by, or for the benefit of, the respective BLMIS account holder.

52. I was not able to complete my tracing analysis for the remaining .003% of the total dollar amount of Ten Year Period PW Transactions because the relevant bank records, including copies of cancelled checks, were not available or the information on the back of the cancelled check was illegible or insufficient to determine the bank account holder. However, based on the results of my tracing analysis, I can reasonably infer that, to the extent additional bank records related to the Ten Year Period PW Transactions become available to me, these records would further support the results of my tracing analysis and that I would be able to trace the remaining amount of Ten Year Period PW Transactions from BLMIS to bank accounts held by, or for the benefit, of the respective BLMIS account holder.

¹⁴ See also **Exhibit 10**.

IX. SIGNATURE AND RIGHT TO MODIFY

53. This report and the exhibits contained herein present my findings and the bases thereof. To the extent that any additional information is produced by any party, I reserve the right to incorporate such additional information into my report or to modify my report as necessary.

By:



Lisa M. Collura, CPA, CFE, CFF
July 14, 2015